



KULIM (MALAYSIA) BERHAD (23370-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER TO 31 MARCH 2011

**KULIM (MALAYSIA) BERHAD**

Company No. 23370-V

Interim report for the financial year ending 31 December 2011

**CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER TO 31 MARCH 2011**

| | 3 months ended | | 3 months ended | |
|--|----------------|-------------|----------------|-------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2011 | 31.03.2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | | restated | | restated |
| Revenue | 1,657,480 | 1,233,814 | 1,657,480 | 1,233,814 |
| Expenses excluding finance cost & tax | (1,363,264) | (1,080,342) | (1,363,264) | (1,080,342) |
| Other operating income / (loss) | 102,629 | 8,592 | 102,629 | 8,592 |
| Profit from operations | 396,845 | 162,064 | 396,845 | 162,064 |
| Finance cost | (20,050) | (12,998) | (20,050) | (12,998) |
| Interest income | 2,933 | 836 | 2,933 | 836 |
| Share of profit in associates | 1,487 | 189 | 1,487 | 189 |
| Profit before taxation | 381,215 | 150,091 | 381,215 | 150,091 |
| Income tax expense | (104,401) | (45,358) | (104,401) | (45,358) |
| Profit from continuing operations | 276,814 | 104,733 | 276,814 | 104,733 |
| Discontinued operation | | | | |
| Profit from discontinued operation, net of tax | - | 10,692 | - | 10,692 |
| Profit for the year | 276,814 | 115,425 | 276,814 | 115,425 |
| Profit attributable to: | | | | |
| Owners of the company | 127,099 | 61,895 | 127,099 | 61,895 |
| Minority interest | 149,715 | 53,530 | 149,715 | 53,530 |
| Profit for the period | 276,814 | 115,425 | 276,814 | 115,425 |
| Basic earnings per ordinary share (sen): | Sen | Sen | Sen | Sen |
| From continuing operations | 10.12 | 16.40 | 10.12 | 16.40 |
| From discontinued operations | - | 3.42 | - | 3.42 |

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31.12.2010

**KULIM (MALAYSIA) BERHAD**

Company No. 23370-V

Interim report for the financial year ending 31 December 2011

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER TO 31 MARCH 2011**

| | 3 months ended | | 3 months ended | |
|--|-----------------------|---------------|-----------------------|---------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2011 | 31.03.2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | | restated | | restated |
| Profit for the period | 276,814 | 115,425 | 276,814 | 115,425 |
| Foreign currency translation differences for foreign operations | 22,766 | (58,547) | 22,766 | (58,547) |
| Cash flow hedge | (1,117) | 1,417 | (1,117) | 1,417 |
| Available for sale reserve | (1,311) | - | (1,311) | - |
| Total comprehensive income for the period | 297,152 | 58,295 | 297,152 | 58,295 |
| Total comprehensive income attributable to: | | | | |
| Owners of the company | 136,922 | 47,434 | 136,922 | 47,434 |
| Minority interest | 160,230 | 10,861 | 160,230 | 10,861 |
| Total comprehensive income for the period | 297,152 | 58,295 | 297,152 | 58,295 |

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31.12.2010


KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2011

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011**

| | AS AT END OF CURRENT QUARTER 31.03.2010 | AS AT PRECEDING FINANCIAL YEAR 31.12.2010 (AUDITED) |
|--|---|--|
| | RM'000 | RM'000 |
| ASSETS | | |
| Property, plant and equipment | 6,170,823 | 5,876,948 |
| Investment property | 98,117 | 97,863 |
| Investment in associates | 21,836 | 56,610 |
| Other investments | 196,504 | 214,061 |
| Intangible assets | 1,062,989 | 1,054,785 |
| Goodwill (on consolidation) | 219,495 | 221,635 |
| Deferred farm expenditure (agriculture/non-perennial crop) | 8,605 | 7,890 |
| Other intangibles (if any) | 834,889 | 825,260 |
| Deferred tax assets | - | 917 |
| Non-current assets | 7,550,269 | 7,301,184 |
| Investment/property held for sale | 13,500 | 13,500 |
| Other investments | 14,898 | 145,517 |
| Inventories | 688,952 | 700,690 |
| Trade and other receivables | 860,983 | 607,530 |
| Tax recoverable | 21,321 | 25,125 |
| Cash and cash equivalents | 423,229 | 452,146 |
| Current assets | 2,022,883 | 1,944,508 |
| TOTAL ASSETS | 9,573,152 | 9,245,692 |
| EQUITY AND LIABILITIES | | |
| Share capital | 318,672 | 159,336 |
| Share premium | 112,848 | 272,184 |
| Other reserves | 1,212,957 | 1,160,998 |
| Revaluation and other reserves | 1,216,512 | 1,206,688 |
| Warrant reserve | 86,726 | - |
| Treasury shares | (90,281) | (45,690) |
| Revenue reserves | 2,013,222 | 1,972,850 |
| Equity Attributable to Equity Holders of the Company | 3,657,699 | 3,565,368 |
| Minority Interest | 2,106,738 | 1,977,374 |
| Total equity | 5,764,437 | 5,542,742 |
| Term loans | 1,043,797 | 931,020 |
| Derivative financial instruments | 25,431 | 25,201 |
| Employee benefits | 2,906 | 2,913 |
| Deferred tax liabilities/(assets) | 780,637 | 691,776 |
| Non current liabilities | 1,852,771 | 1,650,910 |
| Trade and other payables | 708,176 | 794,421 |
| Derivative financial instruments | 150,842 | 149,476 |
| Current income tax liabilities | 181,749 | 112,089 |
| Borrowings | | |
| Term Loans due within the year/12 months | 851,365 | 929,336 |
| Short-term borrowings | 63,297 | 66,074 |
| Employee benefits | 515 | 644 |
| Current liabilities | 1,955,944 | 2,052,040 |
| TOTAL LIABILITIES | 3,808,715 | 3,702,950 |
| TOTAL EQUITY AND LIABILITIES | 9,573,152 | 9,245,692 |
| NET ASSETS PER SHARE (RM) | 2.91 | 11.19 |

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31.12.2010



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2011

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

←————— ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY —————→

←————— NON-DISTRIBUTABLE —————→ DISTRIBUTABLE

| | NO. OF SHARES | NOMINAL VALUE RM'000 | TREASURY SHARES RM'000 | SHARE PREMIUM RM'000 | WARRANT RESERVE RM'000 | REVALUATION & OTHER RESERVES RM'000 | RETAINED EARNINGS RM'000 | TOTAL RM'000 | MINORITY INTEREST RM'000 | TOTAL EQUITY RM'000 |
|---|------------------|----------------------------|------------------------------|----------------------------|------------------------------|---|--------------------------------|-----------------|--------------------------------|---------------------------|
| Balance as at 1 January 2010 as previously reported | 318,669,739 | 159,336 | (45,690) | 272,184 | - | 1,264,547 | 1,720,988 | 3,371,365 | 1,699,037 | 5,070,402 |
| Effect arising from adoption of FRS 139 | - | - | - | - | - | (12,114) | 393 | (11,721) | (11,752) | (23,473) |
| At 1 January 2010, as restated | 318,669,739 | 159,336 | (45,690) | 272,184 | - | 1,252,433 | 1,721,381 | 3,359,644 | 1,687,285 | 5,046,929 |
| Currency translation differences | - | - | - | - | - | (29,165) | - | (29,165) | (29,382) | (58,547) |
| Cash flow hedges | - | - | - | - | - | (5,097) | - | (5,097) | 6,514 | 1,417 |
| Total other comprehensive income for the year | - | - | - | - | - | (34,262) | - | (34,262) | (22,868) | (57,130) |
| Profit for the period/year | - | - | - | - | - | - | 61,895 | 61,895 | 53,530 | 115,425 |
| Total comprehensive income for the period | - | - | - | - | - | (34,262) | 61,895 | 27,633 | 30,662 | 58,295 |
| Increase in minority shareholders' interest | - | - | - | - | - | - | - | - | 200 | 200 |
| Balance as at 31 March 2010 | 318,669,739 | 159,336 | (45,690) | 272,184 | - | 1,218,171 | 1,783,276 | 3,387,277 | 1,718,147 | 5,105,424 |
| Balance as at 1 January 2011 | 318,669,739 | 159,336 | (45,690) | 272,184 | - | 1,206,688 | 1,972,850 | 3,565,368 | 1,977,374 | 5,542,742 |
| Foreign exchange translation differences | - | - | - | - | - | 6,350 | - | 6,350 | 16,416 | 22,765 |
| Cash flow hedges | - | - | - | - | - | 5,249 | - | 5,249 | (6,366) | (1,117) |
| Fair value of available-for-sale financial assets | - | - | - | - | - | (1,776) | - | (1,776) | 465 | (1,311) |
| Total other comprehensive income for the year | - | - | - | - | - | 9,823 | - | 9,823 | 10,515 | 20,338 |
| Profit for the year | - | - | - | - | - | - | 127,099 | 127,099 | 149,715 | 276,814 |
| Total comprehensive income for the year | - | - | - | - | - | 9,823 | 127,099 | 136,922 | 160,230 | 297,152 |
| Increase in minority interest | - | - | - | - | - | - | - | - | 13 | 13 |
| Arising from acquisition from minority interest | - | - | - | - | - | - | - | - | (13,592) | (13,592) |
| Share split (Every 1 share into 2 shares) | 318,669,739 | - | - | - | - | - | - | - | - | - |
| Bonus issue (1 bonus share for every 1 share) | 637,339,478 | 159,336 | - | (159,336) | - | - | - | - | - | - |
| Warrant exercised | - | - | - | - | 86,726 | - | (86,726) | - | - | - |
| Dividend to minority interest of subsidiaries | - | - | - | - | - | - | - | - | (17,287) | (17,287) |
| Treasury shares acquired | - | - | (44,591) | - | - | - | - | (44,591) | - | (44,591) |
| Balance as at 31 March 2011 | 1,274,678,956 | 318,672 | (90,281) | 112,848 | 86,726 | 1,216,511 | 2,013,223 | 3,657,699 | 2,106,738 | 5,764,437 |



**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

| | AS AT 31.03.2011 RM'000 | AS AT 31.03.2010 (UNAUDITED) RM'000 |
|--|-------------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net profit attributable to shareholders | 127,099 | 61,895 |
| Non-cash items | 310,647 | 230,770 |
| Non operating items (investing and financing) | 17,117 | 14,235 |
| Operating profit before changes in working capital | 454,863 | 306,900 |
| Changes in working capital | | |
| Net changes in current assets | (241,715) | (34,372) |
| Net changes in current liabilities | (173,754) | (175,388) |
| Cash generated from operations | 39,394 | 97,140 |
| Interest received | 2,933 | 836 |
| Interest paid | (20,050) | (15,072) |
| Tax paid net of refund | 58,841 | (28,685) |
| Net cash from operating activities | 81,118 | 54,219 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Other investments | 17,557 | (50,580) |
| Acquisition of subsidiaries | (18) | (3,105) |
| Additional investments in associates | 36,261 | (15) |
| Purchase of property, plant and equipment | (348,996) | (145,000) |
| Deferred farm expenditure | (715) | (270) |
| Purchase of intangible assets | (1,262) | (1,087) |
| Proceeds from disposal of property, plant and equipment | 190 | - |
| Proceeds from disposal of investments | - | 4,788 |
| Liquidation of deposit in funds management companies | 130,619 | 15,467 |
| Net cash flow from investing activities | (166,364) | (179,802) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Net of proceeds/(repayments) of borrowings | 797,232 | 172,036 |
| Proceeds/(repayment) from LT loans | (757,386) | (82,257) |
| Bank balances pledged to a bank | (44,826) | - |
| Dividends paid to: | | |
| Minority shareholders of subsidiaries | (17,287) | - |
| Exercise of warrants | 86,726 | - |
| Issue of shares by subsidiaries | 13 | 200 |
| Purchase of treasury shares | (44,591) | - |
| Net cash flow from financing activities | 19,881 | 89,979 |
| Net increase/(decrease) in cash and cash equivalents | (65,365) | (35,604) |
| Cash and cash equivalents at beginning of the year | 429,125 | 365,383 |
| Foreign Exchange differences on opening balances | (561) | (650) |
| Cash and cash equivalents at end of the period/year | 363,199 | 329,129 |
| The cash and cash equivalents consists of the followings :- | | |
| Deposit with licenced Banks | 19,651 | 69,410 |
| Cash and Bank Balances | 403,578 | 294,708 |
| | 423,229 | 364,118 |
| Less : Bank overdraft | (15,204) | (33,380) |
| Amount pledged to banks | (44,826) | (1,609) |
| | 363,199 | 329,129 |



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard (FRS) 134, Interim Financial reporting, issued by the Malaysian Accounting Standard Board (MASB). The Interim Financial Report should be read in conjunction with the Group's audited financial statement for the year ended 31 December 2010.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 31 December 2010.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

| | |
|--|--|
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 3 | Business Combinations (Revised) |
| FRS 127 | Consolidated and Separate Financial Statements |
| Amendments to FRS 1 | Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters |
| Amendments to FRS 1 | Additional Exemptions for First-time Adopters |
| Amendments to FRS 2 | Share-based Payment |
| Amendments to FRS 2 | Group Cash-settled Share-based Payment Transactions |
| Amendments to FRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| Amendments to FRS 7 | Improving Disclosures about Financial Instruments |
| Amendments to FRS 132 | Financial Instruments: Presentation |
| Amendments to FRS 138 | Intangible Assets |
| Amendments to FRS 1, FRS 3, FRS 7, FRS 101, FRS 128, FRS 132, FRS 134, FRS 139 | Improvements to FRSs (2010) |
| IC Interpretation 4 | Determining Whether an Arrangement Contains a Lease |
| IC Interpretation 12 | Service Concession Agreements |
| IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Interpretation 18 | Transfers of Assets from Customers |
| Amendments to IC Interpretation 9 | Reassessment of Embedded Derivatives |



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A2. Significant Accounting Policies (continued)

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any material impact on the financial performance, position or presentation of financials of the Group.

A3. Status on Qualification of Audited Financial Statements

The audit report of the Group's preceding year financial statement was not qualified.

A4. Seasonality or Cyclicity of Operations

There were no abnormal seasonal factors that affect result for the quarter under review.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no significant items which unusually affect assets, liabilities, equity, net income or cash flows during the quarter under review.

A6. Change in Accounting Estimates

There were no changes in estimate of amount reported in prior interim period or financial year that have a materials effect in the current financial quarter for the current financial period.

A7. Debt and Equity Securities

On 31 March 2011, the group entered into a Facility Agreement with OCBC Bank for a US\$240million five year facility, the proceeds of which will be used to repay the US\$200million 12-month facility taken out for the acquisition of CTP (PNG) Limited, and the balance for various capital projects and working capital. Besides this loan, there is no cancellation, resale and repayment of debts and equity securities except for those loan repayments in accordance with the Group's loans repayment schedule.

A8. Dividend Paid

On 10 December 2010, the Company declared an interim dividend of 15% less 25% income tax and a special dividend of 85% less 25% income tax for the financial year ended 31 December 2010. The dividends were paid on 21 January 2011.

A9. Segmental Information

Segmental information for the current financial year based on geographical locations and business segments within the geographical locations are as follows:



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2011

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

| Results for 1st Quarter Ended 31 March 2011 | Plantation | | Manufacturing | | | Foods and Restaurants | Intrapreneur Ventures (IV) | | Inv. property | Associated companies | Others | Elimination (Discontinued operation) | Consolidated |
|---|------------|-----------------------------------|---------------|-----------------------|-----------|-----------------------|----------------------------|----------|---------------|----------------------|---------|--------------------------------------|--------------|
| | Malaysia | Papua New Guinea & Solomon island | Oleochemicals | Rubber based products | Biodiesel | | Shipping services | Other IV | | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | RM'000 | RM'000 | | | | | |
| Operating revenue | 164,385 | 604,243 | - | 2,901 | - | 779,752 | 38,143 | 60,612 | 2,760 | - | 4,684 | - | 1,657,480 |
| Segment results | 44,771 | 281,755 | - | (243) | (1,004) | 66,629 | 6,024 | 4,941 | 1,449 | 1,487 | (7,477) | - | 398,332 |
| Interest income | 2,190 | 28 | - | 24 | - | - | - | - | - | - | 691 | - | 2,933 |
| Finance costs | (5,647) | (8,601) | - | - | (267) | (2,904) | (2,189) | (391) | - | - | (51) | - | (20,050) |
| Profit before tax | 41,314 | 273,182 | - | (219) | (1,271) | 63,725 | 3,835 | 4,550 | 1,449 | 1,487 | (6,837) | - | 381,215 |

| Results for 1st Quarter Ended 31-Mar-10 | Plantation | | Manufacturing | | | Foods and Restaurants | Intrapreneur Ventures (IV) | | Inv. property | Associated companies | Others | Elimination (Discontinued operation) | Consolidated |
|---|------------|-----------------------------------|---------------|-----------------------|-----------|-----------------------|----------------------------|----------|---------------|----------------------|---------|--------------------------------------|--------------|
| | Malaysia | Papua New Guinea & Solomon island | Oleochemicals | Rubber based products | Biodiesel | | Shipping services | Other IV | | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | RM'000 | RM'000 | | | | | |
| Operating revenue | 130,286 | 304,445 | 277,643 | 2,463 | 924 | 724,721 | 17,827 | 43,077 | 1,918 | - | 8,153 | (277,643) | 1,233,814 |
| Segment results | 32,162 | 75,396 | 17,870 | (930) | (2,680) | 62,245 | (859) | 655 | 581 | 189 | (4,506) | (17,870) | 162,253 |
| Interest income | 170 | 402 | - | - | - | - | - | - | - | - | 264 | - | 836 |
| Finance costs | (7,192) | (2,100) | (2,075) | - | (385) | (2,242) | - | - | - | - | (1,079) | 2,075 | (12,998) |
| Profit before tax | 25,140 | 73,698 | 15,795 | (930) | (3,065) | 60,003 | (859) | 655 | 581 | 189 | (5,321) | (15,795) | 150,091 |



KULIM (MALAYSIA) BERHAD

Company No. 23370-V

Interim report for the financial year ending 31 December 2011

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Segmental Information (continued)

| Assets and Liabilities As at 31 March 2011 | Plantation | | Manufacturing | | | Foods and Restaurants | Intrapreneur Ventures (IV) | | Inv. property | Associated companies | Others | Consolidated |
|---|------------------|---|---------------|--------------------------|----------------|--------------------------|----------------------------|---------------|------------------|-------------------------|----------------|------------------|
| | Malaysia | Papua New Guinea & Solomon island | Oleochemicals | Rubber based products | Biodiesel | | Shipping services | Other IV | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | RM'000 | RM'000 | | | | |
| Segment assets | 2,705,065 | 3,460,073 | - | 6,220 | 42,473 | 2,371,718 | 579,553 | 78,732 | 94,503 | 21,836 | 16,475 | 9,376,648 |
| Unallocated corporate assets | - | - | - | - | - | - | - | - | - | - | 196,504 | 196,504 |
| Total assets | 2,705,065 | 3,460,073 | - | 6,220 | 42,473 | 2,371,718 | 579,553 | 78,732 | 94,503 | 21,836 | 212,979 | 9,573,152 |
| Segment liabilities | 119,415 | 1,278,990 | - | 4,509 | 124,432 | 798,334 | 405,639 | 89,186 | - | - | 207,573 | 3,028,078 |
| Unallocated corporate liabilities | 166,076 | 546,933 | - | - | - | 56,761 | - | - | - | - | 10,867 | 780,637 |
| Total liabilities | 285,491 | 1,825,923 | - | 4,509 | 124,432 | 855,095 | 405,639 | 89,186 | - | - | 218,440 | 3,808,715 |

| Assets and Liabilities As at 31 December 2010 | Plantation | | Manufacturing | | | Foods and Restaurants | Intrapreneur Ventures (IV) | | Inv. property | Associated companies | Others | Consolidated |
|--|------------------|---|---------------|--------------------------|----------------|--------------------------|----------------------------|----------------|------------------|-------------------------|----------------|------------------|
| | Malaysia | Papua New Guinea & Solomon island | Oleochemicals | Rubber based products | Biodiesel | | Shipping services | Other IV | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | RM'000 | RM'000 | | | | |
| Segment assets | 2,815,523 | 3,141,165 | - | 5,654 | 44,713 | 2,353,332 | 377,123 | 105,875 | 94,503 | 56,610 | 37,133 | 9,031,631 |
| Unallocated corporate assets | - | - | - | - | - | - | - | - | - | - | 214,061 | 214,061 |
| Total assets | 2,815,523 | 3,141,165 | - | 5,654 | 44,713 | 2,353,332 | 377,123 | 105,875 | 94,503 | 56,610 | 251,194 | 9,245,692 |
| Segment liabilities | 453,097 | 1,239,925 | - | 3,743 | 125,401 | 790,468 | 273,776 | 117,316 | - | - | 8,365 | 3,012,091 |
| Unallocated corporate liabilities | 172,997 | 462,410 | - | - | - | 55,452 | - | - | - | - | - | 690,859 |
| Total liabilities | 626,094 | 1,702,335 | - | 3,743 | 125,401 | 845,920 | 273,776 | 117,316 | - | - | 8,365 | 3,702,950 |



PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A10. Valuation of Property, Plant and Equipment

The carrying value of land and estate development expenditure for the Group except those located overseas, is based on valuation carried out on 31st December 1997 by an independent qualified valuer using the open market method of valuation to reflect their fair value. However, in 2006, the Group changed its accounting policy on estate development expenditure in Malaysia from valuation model to cost model by stating the estate development expenditure to its initial cost and the change effect from the adoption of FRS 117 Leases. Other than changes resulting from these changes in accounting policy the carrying value was brought forward without any amendment.

A11. Material Events Subsequent to the End of the Interim Period

There was no material event subsequent to the end of the Interim Period.

A12. Changes in the Composition of the Group

On 7 March 2011, QSR Berhad announced that it has incorporated a wholly-owned subsidiary, Integrated Poultry Industry (Kampuchea) Private Limited, for the purpose of operating broiler and poultry processing production in Phnom Penh, Cambodia.

On 31 January 2011, Sindora Berhad announced that E.A. Technique (M) Sdn. Bhd. has exercised its call option pursuant to the Subscription and Shareholders agreement to acquire additional 1.01% equity interest in Orkim Sdn Bhd. or 380,000 ordinary shares of RM1.00 each for RM494,000. Upon the completion of this exercise, the shareholding of Sindora Berhad and EA Technique (M) Sdn Bhd in Orkim Sdn Bhd become 20% and 31% respectively, making Orkim a subsidiary of the Group

A13. Changes in Contingent Liabilities or Contingent Assets

Since the last Balance Sheet date, there were no material changes in contingent liabilities and contingent assets.

A14. Capital Commitment

Authorised capital expenditures not provided for in the financial statements as at 31 March 2011 are as follows:

| | RM'000 |
|----------------|----------------|
| Contracted | 94,334 |
| Not contracted | 307,465 |
| | 401,799 |

A15. Impairment of Assets

There were no significant impairment losses recognised by the Company and the Group during the quarter.

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134****A16. Related Party Disclosures**

Significant transaction within the Group between Kulim (M) Berhad and its subsidiaries are as follows:-

| | 3 months ended | | 3 months ended | |
|---|----------------|------------|----------------|------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2011 | 31.03.2010 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Group | | | | |
| Ultimate holding corporation | | | | |
| Johor Corporation | | | | |
| - Agency fee received | 77,742 | 102,095 | 77,742 | 102,095 |
| - Sales of oil palm fresh fruit bunches | - | 10,438 | - | 10,438 |
| - Purchasing and sales commission received | 532,148 | 833,793 | 532,148 | 833,793 |
| - Planting advisory and agronomy fee received | 43,375 | 43,446 | 43,375 | 43,446 |
| - Computer charged received | 39,106 | 34,178 | 39,106 | 34,178 |
| - Inspection fee received | 7,500 | 15,000 | 7,500 | 15,000 |
| - Rental payable | 157 | 157 | 157 | 157 |



PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of the Performance of the Company and Its Principal Subsidiaries

Group Results and update

The Group recorded higher revenue at RM1.66 billion for the quarter under review compared to the corresponding quarter in 2010 revenue of RM1.23 billion, a 34.34% increase.

The Group recorded PBT of RM381.2 million for the first quarter 2011 compared to PBT of RM150.09 million for the corresponding quarter in 2010, a 154% increase.

Firmer palm products prices secured for the quarter contributed to the significantly better performance on the oil palm sector. NBPOL recorded favourable result from price effects as well as higher sales from the larger group post Kula (CTP) acquisition completed in May last year.

Operational results

Plantations:

(i) Plantation Operation - Malaysia

The Group's FFB production for the 1st quarter 2011 is at 115,615mt compared to the corresponding quarter in 2010 of 114,789mt, a 0.72% increase.

The Group's OER for the 1st quarter 2011 is at 19.90% compared to 20.65% for the corresponding quarter in 2010.

Total FFB processed by the Group mills for 1st quarter 2011 is at 175,068mt which is 0.47% lower compared to the corresponding quarter in 2010. Total ffb processed is inclusive of crops purchased from outside the Group.

Group FFB produced and processed includes those produced and processed by Sindora Berhad of 15,967/32,817 mt respectively compared to 16,686/38,972 mt in the corresponding quarter in 2010.

Malaysian plantation operation achieved CPO and PK cumulative price averages of RM3,244 and RM2,845 per mt for 1st quarter 2011 compared to RM2,455 and RM2,845 per mt for CPO and PK respectively for the corresponding quarter in 2010.

(ii) Plantation Operation - Papua New Guinea & Solomon Islands

NBPOL Group produced 473,729 mt FFB in the 1st quarter 2011 which is 69.02% higher compared to the corresponding quarter in 2010. Together with crops purchased from outside the Group, NBPOL Group processed 442,481 mt FFB which is 12.42% higher compared to the corresponding quarter in 2010.

Contribution to NBPOL Group FFB production from GPPOL for the 1st quarter 2011 is at 33,183mt which is 1.92% lower than the contribution to the corresponding quarter in 2010.

Contribution to NBPOL Group FFB production from RAMU for the 1st quarter 2011 is at 24,890mt compared to 20,675mt to the corresponding quarter in 2010 which is 20.39% increase.



PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of the Performance of the Company and Its Principal Subsidiaries (continued)

(iii) Plantation Operation - Papua New Guinea & Solomon Islands (continued)

Contribution to NBPOL Group FFB production from Kula Plantation for the 1st quarter 2011 is at 162,142 mt compared to nil for the corresponding quarter in 2010.

NBPOL Group OER for the 1st quarter 2011 is at 23.96% which is 9.62% higher than the Group OER for the corresponding quarter in 2010. The RAMU group came out with excellent OER at 25.67.

NBPOL Group achieved CPO price averages of USD1,132 per mt for the 1st quarter 2011 compared to USD767 per mt achieved for the corresponding quarter in 2010.

Foods and Restaurants:

QSR group registered consolidated revenue of RM779.8 million for the current quarter, representing an increase of 7.6% over the corresponding quarter in 2010 of RM724.7 million.

QSR registered consolidated profit before tax of RM63.7 million in the current quarter as against the corresponding quarter in 2010 of RM60.0 million.

KFC Holdings (Malaysia) Berhad registered a revenue of RM644.2 million for the quarter under review, representing a growth of 7.2% over the corresponding quarter in 2010 of RM600.7 million. The KFC restaurants segment registered a 9.4% revenue growth to RM489.5 million while the Integrated Poultry segment recorded a 4.8% revenue growth to RM130.9 million.

KFCH registered a profit before tax of RM52.7 million in the current quarter as against the corresponding quarter in 2010 of RM50.1 million.

Intrapreneuer Ventures (IV)

The revenue from the IV division excluding shipping services grew to RM60.61million for the quarter under review, a 40.71% increase compared to the corresponding quarter in 2010. The division recorded an improved performance with profit before tax of RM4.55 million for the quarter.

The shipping division revenue grew to RM38.14 million, 113.96% higher compared to the corresponding quarter in 2010 due to contribution by newly acquired subsidiary, Orkim and much improved performance of E.A Technique under the Sindora group. The division recorded a profit of RM3.8 million and increase of 546.43% compared to the corresponding quarter in 2010.

Property Investment:

The Company's office tower, the Menara Ansar in Johor Bahru recorded a surplus for the 1st quarter 2011 of RM1.5 million compared to a surplus of RM581 thousand for the corresponding quarter in 2010.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B2. Material Changes in the Quarterly Results**

Palm products prices are the major contributor to the Group's better result for the quarter compared to the corresponding quarter in 2010. In addition to price factor, the NBPOL recorded significant improvement in result from higher FFB produced and processed from a larger group post Kula acquisition.

B3. Current Year Prospects

Palm products prices are off their recent high but they are still at attractive levels and looks resilient for the coming months. The Group is optimistic for a continuation of a good 1st quarter performance into the later quarters of the year.

The food and Restaurants Group is growing within expectation in revenue and profits. There are the usual challenges in managing costs increases but these had been successfully managed by sale volume increases, and in the current year the ameliorating effect of the strong ringgit.

The shipping services are strengthened with the delivery of new vessels for E.A. Technique and Orkim and the addition of Orkim as a group company. The sector is expected to contribute positive results this year.

Based on the above generally positive outlook, we are confident that 2011 will be another good year for the Group.

B4. Profit Forecast/Profit Guarantee

The Company is not subject to any profit forecast or profit guarantee requirement.

B5. Taxation

| | 3 MONTHS ENDED | | 3 MONTHS ENDED | |
|--------------------------------------|------------------|-----------------|------------------|-----------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2011 | 31.03.2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current Taxation | | | | |
| -Malaysia | (27,276) | (21,762) | (27,276) | (21,762) |
| -Overseas | (75,816) | (20,590) | (75,816) | (20,590) |
| | (103,092) | (42,352) | (103,092) | (42,352) |
| Transfer to deferred Taxation | | | | |
| -Malaysia | (1,309) | (3,006) | (1,309) | (3,006) |
| -Overseas | - | - | - | - |
| | (1,309) | (3,006) | (1,309) | (3,006) |
| Total | (104,401) | (45,358) | (104,401) | (45,358) |

Effective tax rate is higher than the official tax rates applicable to the Group Companies at their respective geographical locations. Certain disallowance on expenses at subsidiaries contributed to the higher tax provision.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B6. Sale of Unquoted Investments and/or Properties**

| | 3 MONTHS ENDED 31.03.2011 RM'000 | 3 MONTHS ENDED 31.03.2011 RM'000 |
|------------------------------------|--|--|
| Total carrying amount | - | - |
| Total sale proceeds | - | - |
| Total profit / (Loss) on disposals | - | - |

B7. Financial Assets at Fair Value (Quoted Securities)

- (a) The particulars of purchase or disposal of quoted securities (substantially on short term money market trust funds) are as follows :-

| | 3 MONTHS ENDED 31.03.2011 RM'000 | 3 MONTHS ENDED 31.03.2011 RM'000 |
|----------------------------------|--|--|
| Total Purchase consideration | 57,532 | 57,532 |
| Total Sale proceeds | (186,645) | (186,645) |
| Total Profit/(Loss) on Disposals | 2,191 | 2,191 |

- (b) Investment as at 31 March 2011.

| | Held as Long Term Investments RM'000 | Held as Current Assets RM'000 | TOTAL RM'000 |
|------------------------------------|--|-------------------------------------|-----------------|
| At cost | 131,227 | 16,147 | 147,374 |
| At carrying value/ market value | 179,990 | 14,898 | 194,888 |

B8. Status of Uncompleted Corporate Announcement

The Company and its subsidiaries announced on the following corporate events not yet completed at the last report date and their status at the date of this report are as follows:

- i. Announcement made by Kulim (Malaysia) Berhad.
 - a) On 13th November 2007 the Company announced on a proposed Collaboration with PNG Sustainable Development Program Limited to jointly undertakes oil palm feasibility studies in Kamusie, Papua New Guinea ("Collaboration").

Collaboration agreement with PNG Sustainable Development Program Limited was signed on 5th December 2007.

At the date of this report there were no significant developments over this matter.



PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B8. Status of Uncompleted Corporate Announcement (continued)

ii. Announcement made by Sindora Berhad (Sindora), a subsidiary of the Company; As at end of its previous group quarterly report and up to the date of this report Sindora made uncompleted corporate proposals announcement as follows;

a) The Company had on 27 December 2007 announced in respect of the conditional Sale & Purchase Agreement entered into between the Company and KFC Holdings (Malaysia) Bhd (“KFCH”) to dispose a piece of land (including all factory, building, structures, infrastructure and facilities built or erected on the land) measuring 20.533 acres that forms part of a leasehold industrial land (expiring on 30 January 2041) held under document of title HS(D) 2276, PTD 1384, Mukim Hulu Sungai Johor, Kota Tinggi, Johor for RM6.15 million cash.

There were several extensions of the condition precedents fulfilment period that had been mutually agreed by both parties and announced accordingly. The latest announcement was made on 25 March 2011 to further extend the condition precedents fulfilment period until 25 September 2011.

b) The Company had on 27 February 2008 proposed leased of up to twenty (20) acres or 871,200 square feet of an area of land within Tanjung Langsat Port identified as PLO 46, Tanjung Langsat Industrial Complex, Mukim of Sungai Tiram, District of Johor Bahru, State of Johor by Johor Shipyard and Engineering Sdn. Bhd. from Tanjung Langsat Port Sdn. Bhd. (a wholly owned subsidiary of Johor Corporation) for a period of 30 years for a total lease rental of up to RM21.78 million or RM25 per square feet.

Later, on 28 March 2011 the parties to the Agreement of Lease had mutually agreed as follows:

- (i) Extend the condition precedents fulfilment period to 28 September 2011;
- (ii) Extend the delivery of Plot 1 to 42 months from the date of the Agreement for Lease; and
- (iii) Extend the delivery of Plot 2 to 46 months from the date of the Agreement for Lease

c) On 11 May 2009, the Company issued an offer letter to dispose its entire 35% shareholding in MM Vitaoils Sdn Bhd (MMV) to En Mazlan Muhammad (MM), the controlling shareholder and Managing Director of MMV for a cash consideration of RM13.5 million. Currently both parties are in the midst of negotiation for a review of the terms and conditions of the disposal.



PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B8. Status of Uncompleted Corporate Announcement (continued)

iii. Announcement made by KFC Holdings (Malaysia) Bhd., a subsidiary of QSR Brands Berhad, as subsidiary of the Company;

- a) KFCH had on 2 November 2007 announced the purchase of a piece of freehold land measuring approximately 41,294.90 square feet identified as Parcel C9 being part of land previously held under Lot 413, Mukim of Tebrau, District of Johor Bahru, via its wholly-owned subsidiary, KFC (Peninsular Malaysia) Sdn Bhd for a cash consideration of RM3,241,648.

KFCH is in the midst of completing the Condition Precedents as defined in the Sale and Purchase Agreement with Damansara Realty (Johor) Sdn Bhd, a member of Johor Corporation Group of Companies.

- b) KFCH had on 27 December 2007 announced the purchase of a piece of land (including all factories, buildings, structures, infrastructure and facilities built or erected on the land) measuring 20.533 acres that forms part of a leasehold industrial land (expiring on 30 January 2041) held under document of title HS (D) 2276, PTD 1384, Mukim Hulu Sungai Johor, Kota Tinggi, Johor for a cash consideration of RM6,150,000.

KFCH is in the midst of completing the Condition Precedents as defined in the Sale and Purchase Agreement with Sindora Berhad, a member of Johor Corporation Group of Companies.

- c) KFCH had on 10 July 2008 announced the purchase of a part of the land measuring 1.18 acres held under HS(D) 367670 PTD104984, in the Mukim of Tebrau, Daerah Johor Bahru, Johor, via its wholly-owned subsidiary, SPM Restaurants Sdn Bhd for a cash consideration of RM4,034,963.

The company had on 18 September 2009 announced that KFCH and Damansara Realty (Johor) Sdn Bhd, the Vendor, have mutually agreed that the Sale and Purchase Agreement have been varied with the execution of the Supplemental Sale and Purchase Agreement on 18 September 2009.

KFCH is in the midst of completing the Condition Precedents as defined in the Sale and Purchase Agreement with Johor Corporation.

- d) KFCH had on 5 November 2008 announced the purchase of a piece of agricultural land measuring 400 acres in area being part of Lot PTD 9374 HS(D) 41897, Mukim Bukit Batu, District of Kulaijaya, State of Johor Darul Takzim, via its wholly-owned subsidiary, Ayamas Food Corporation Sdn Bhd for a cash consideration of RM10,400,000.

KFCH is in the midst of completing the Condition Precedents as defined in the Sale and Purchase Agreement with Johor Corporation.

- e) The Company had on 22 April 2010 announced the purchase of a vacant commercial land measuring 2 acres, situated at part of PTD 84134, Mukim Tebrau, District of Johor Bahru, Johor Darul Takzim from Johor Land Berhad, via its wholly-owned subsidiary, SPM Restaurants Sdn Bhd for a cash consideration of RM5,924,160.00 (RM68.00 per sq ft).

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B9. Borrowings and Debt Securities**

| | As at 31-Mar-11 RM'000 | As at 31-Dec-10 RM'000 |
|---|------------------------------|------------------------------|
| Term loan | | |
| Secured: | | |
| - denominated in RM | 850,662 | 831,041 |
| - denominated in USD | 681,311 | 707,463 |
| - denominated in Kina | 102,887 | 104,758 |
| Unsecured | | |
| - denominated in RM | 215,344 | 171,530 |
| - denominated in USD | - | 3,313 |
| - denominated in Kina | 33,330 | 30,623 |
| - denominated in SDR | 11,628 | 11,628 |
| Less: | | |
| - due within 12 months (reclassified to short term borrowings) | (851,365) | (929,336) |
| Total Term Loan | 1,043,797 | 931,020 |
| Other short term borrowings: | | |
| Bank Overdraft | | |
| - Secured | 5,287 | 23,022 |
| - Unsecured | 9,916 | 9,900 |
| Revolving credit | | |
| - Secured | - | - |
| - Unsecured | 39,200 | 21,200 |
| Banker's acceptance | | |
| - Secured | - | - |
| - Unsecured | 6,212 | 9,412 |
| Finance lease liabilities | | |
| - Secured | 2,112 | 2,043 |
| - Unsecured | 569 | 497 |
| Total -Short term borrowings | 63,296 | 66,074 |
| Term loan (reclassified) | 851,365 | 929,336 |
| Total Borrowings | 1,958,458 | 1,926,430 |

B10. Material Litigation, Claims and Arbitration

There were no material litigations, claims and arbitration outstanding.

B11. Dividend Proposed

There was no dividend payment proposed during the quarter.



PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B12. Earnings Per Share (“EPS”)

| | CURRENT QUARTER | | CUMULATIVE QUARTERS | |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 1 JAN - 31 MAR 2010 RM'000 | 1 JAN - 31 MAR 2010 RM'000 | 1 JAN - 31 MAR 2011 RM'000 | 1 JAN - 31 MAR 2010 RM'000 |
| | Basic earnings per share | | | |
| Net profit for the period | 127,099 | 61,895 | 127,099 | 61,895 |
| Weighted average no of share in issue | 1,255,545 | 312,349 | 1,255,545 | 312,349 |
| Basic earnings per share | 10.12 | 19.82 | 10.12 | 19.82 |

The weighted average number of ordinary shares in issue for the current quarter include the shares split and bonus shares issued in March 2011.

B13. Currency Translation

The exchange rates used for each unit of the currencies in the Group for the current financial period are:

| | THIS YEAR CURRENT QUARTER | | PRECEEDING YEAR CORRESPONDING QUARTER | |
|--|---------------------------|--------------|---------------------------------------|--------------|
| | MTH-END RATE | AVERAGE RATE | MTH-END RATE | AVERAGE RATE |
| Papua New Guinea Kina (PGK/Kina/K) | 1.1915 | 1.2258 | 1.2365 | 1.2792 |
| United Kingdom Pound Sterling (GBP) | 4.8730 | 4.8230 | 4.9415 | 5.2018 |
| United States of America Dollar (USD/US\$) | 3.0280 | 3.0566 | 3.2725 | 3.3509 |
| EUR | 4.2800 | 4.1844 | 4.3940 | 4.6546 |
| Singapore Dollar (S\$) | 2.4003 | 2.3954 | 2.3388 | 2.3897 |
| Solomon Islands Dollar (SBD) | 0.3753 | 0.3762 | 0.5240 | 0.5211 |

B14. Realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.



PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B14. Realised and unrealised profits or losses (continued)

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows :-

| | As at 31 Mac 2011 RM'000 | As at 31 Dec 2010 RM'000 |
|--|--------------------------------|--------------------------------|
| The retained earnings of the Group is made up as follows:- | | |
| - Realised | 2,505,316 | 2,425,958 |
| - Unrealised | (675,435) | (636,451) |
| | <u>1,829,881</u> | <u>1,789,507</u> |
| Add : Consolidation adjustments | 183,342 | 183,342 |
| | <u>2,013,223</u> | <u>1,972,850</u> |

By Order of the Board
KULIM (MALAYSIA) BERHAD

IDHAM JIHADI BIN ABU BAKAR, MAICSA 7007381
NURALIZA BINTI A. RAHMAN, LS 0008565
(Secretaries)

Dated : 27 May 2011